

and the Australasian Colonies under this arrangement are to be 3s. a word for ordinary telegrams, 2s. a word for Government telegrams, and 1s. 6d. for Press telegrams. The charges on messages between Canada and the Colonies to be proportionate. Form C requires the same conditions as Form B on the part of the contractor, and the offers are to state what guarantee of gross revenue will be required, the difference between gross earnings and the amount guaranteed to be made good each year to the company by the contributing Governments, the tariff of charges to be subject to official sanction. Eight routes are then given, over which the cable may be carried. Of these, three have a double terminus at the southern end, one branch going to New Zealand and another to Tweedmouth near the boundary of New South Wales and Queensland, three go direct to Queensland and two to New Zealand only. The limit of time for the completion of the cable is three years from the date of the contract, but it is proposed that offers may be made on the basis of the shortest period within which the undertaking can be accomplished.

Time, price, quality, and distance are the four elements that contractors will have to consider, and the nature of the tenders will make it clear which of the proposed forms of contract is the most popular. Mr Sandford Fleming, whose name is so prominently associated with the scheme, is strongly in favour of constructing the cable directly by Government as a public work. In a paper which he read before the Ottawa Conference he gave his reasons at length. They were briefly that the interests of a company and the interests of the public are not in such a matter as this identical—that while a company keeps its own profits very legitimately in sight, and endeavours to secure high dividends by keeping up the charge per message, the interest of the public is to obtain cheap telegraphy. This end can be better attained with Government money at 3 per cent. than with private money seeking to make 9 or 10 per cent., and there is, in Mr Sandford Fleming's opinion, no reason why there should not be as great a reduction in the near future on Government telegraph messages throughout the Empire as there has been within the last fifty years upon the rates of letter postage. Such an anticipation involves, of course, the acquirement by Government of a complete system of submarine cables, and Mr Fleming does not shrink from such a result. He quoted before the Conference the example of the lately-constructed cable to the Bahamas, where the first intention was to have the work done by a company with a Government subsidy of £3,000 a year for twenty-five years. This intention was not carried out. It was decided to make the cable a Government work, and already the charge on the colony is reduced to £1,800 a year, after full provision has been made for sinking funds and other necessary reserves. Mr Fleming said,—

“Speaking for myself, I have arrived at the conclusion that the true principle to follow, looking solely at the public interests, present and prospective, is to establish the Pacific cable as a Government work. To give it to the existing company on their own terms, or, perhaps, on any terms, would, in my judgment, be a grave and irremediable mistake. Even to hand over the work to a new company entirely distinct from the Eastern Extension Company would scarcely mend matters. It would be impossible to prevent the two companies combining in some form to advance their common advantage, to the detriment of the public interests.”

His entire scheme would embrace the establishment of the Pacific cable, the purchase of all the cables of the Eastern Extension Company, and the transfer of all the telegraphs of the separate Australian Colonies, together with the Pacific cable and Eastern Extension cables, to a trust or commission created by the co-operating Governments. The capital required for such a scheme he would propose to raise on the joint guarantee of the colonies and the Imperial Government. The money would be obtained at the very lowest rate of interest, and it would thus become practicable to reduce charges on messages to the lowest possible tariff rates. By the adoption of such a scheme he considers that all conflicting interests would be conciliated. Existing companies would obtain fair terms of purchase, and the public requirement of cheap communication would henceforth become the paramount object to be kept in view.

A further letter from Mr Sandford Fleming to Mr Mackenzie Bowell, the Canadian Minister of Trade, dated twelve days after the rising of the Conference, makes some additional statements with regard to the financial aspect of the Pacific cable undertaking which are not without interest. If the cable should take, as is generally supposed, three years to establish, 1898 will be the first year of its operation. Taking this year as the first of his estimate of revenue, Mr Sandford Fleming calculates that the business likely to be done in that year will be 1,100,000 words, which, at 2s. a word, would yield a gross revenue of £110,000. This estimate, as Mr Sandford Fleming points out, is for European business, and includes nothing for the business between Canada, the United States, and Australia, which the existence of a cable and the natural expansion of trade will undoubtedly create. The average normal increase of telegraph business between the Australasian Colonies and Europe, under a tariff rate of 9s. 4d. a word was, for the eight years between 1882 and 1890, 14 per cent. per annum. Mr Sandford Fleming considers that, under the proposed low rates, he is justified in assuming that the increase will be greater. He takes 15 per cent. as the basis of his estimate, and works out the probable revenue of the cable for ten years after its completion.

He also works out the charges on revenue. These are—First, interest on capital, second, working staff and management, third, repairs and maintenance. Of these he says that the first and second are constant, and the third is variable, but experience goes to show that failure and interruptions due to defects in manufacture or causes connected with laying generally take place within the first year or two. For this reason it is proposed in the specification for constructing a Government cable that the contractor shall be responsible for repairs during the first three years, and this variable charge is for the present eliminated from the estimate prepared. Mr Fleming takes note, therefore, only of interest on capital and cost of working. Assuming that the capital cost of the cable and its maintenance for three years will be £2,000,000, he takes interest at 3 per cent. as £60,000 a year and cost of staff and management as £30,000. His estimate for ten years works out then as follows:—